

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
May 16, 2000
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on May 16, 2000 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: Gregory C. Jones, Chairman; and Members, Joseph A. Lamendella, Stuart P. Levine and Sterling M. Ryder. Staci M. Yandle was not present for this month's Board meeting.

Also in attendance were: Administrator Sergio E. Acosta, Special Counsel to the Board Robert F. Casey, Chief Legal Counsel Mareile Cusack, Deputy Administrators Joseph Haughey, Allan McDonald, Thomas Swoik and James W. Wagner, Deputy Chief Legal Counsel Jeannette Tamayo, other members of the staff and one member of the public.

Chairman Jones called the meeting to order at 9:45 a.m. in the 3rd floor conference room. Member Lamendella moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending Litigation and Matters Involving Probable Litigation**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Ryder seconded the motion. The Board adopted the motion by unanimous consent. The member of the public was asked to leave so that the Board could commence its closed session discussion.

The Board convened to Open Session at 1:55 p.m.

Chairman's Report

Chairman Jones noted that the May 3rd compulsive gambling meeting was a very educational and productive meeting. Chairman Jones thanked Governor Ryan for finding and committing \$1 million to fund a program for the research and treatment of compulsive gambling disorders. Chairman Jones also thanked the panelists for their informative presentations and staff for all of their efforts. Chairman Jones stated that the compulsive gambling session emphasized that there is a small segment of the population afflicted by gambling problems; it also highlighted the need for further treatment, research and public awareness of the problem. Chairman Jones stated that the Gaming Board along with other State agencies hopes to work closely with the Department of Human Services to develop a program for utilizing the \$1 million the Governor has designated for compulsive gambling issues. The Gaming Board will examine other forms of treatment adopted by the Missouri Gaming commission to determine whether it presents a viable option for Illinois.

Chairman Jones also stated that the Board would be examining methods for cash advances, the location and availability of credit card and ATM's, and the manner in which the court systems treat bad checks at various casinos.

Administrator's Report

Administrator Sergio Acosta was pleased to announced that Bill Desmond who has been detailed to the Gaming Board from the IRS since the inception of the Gaming Board, will be retiring from the IRS at the end of the month and hired as a supervisor for Investigations at the Gaming Board. Mr. Acosta also thanked all staff who helped make the May 3rd compulsive gambling meeting a success.

Board Policy Items

During the previous meeting, the Board showed the public the IGB signs that they are considering asking the casinos to voluntarily display. The signs would help patrons to better understand the Gaming Board and its functions; and would also provide the phone number and address if any patrons had questions or comments for the Board. Chairman Jones asked Administrator Acosta and Chief Legal Counsel Mareile Cusack if the language of the sign has been established and if any suggestions were received.

Administrator Acosta stated that staff did send letters out to all of the licensees asking for their comments and suggestions prior to May's Board meeting, staff received comments from five licensees. Mr. Acosta stated that there was only one concern, which had to deal with the size of the sign; staff will work with the casino to resolve that issue. Mr. Acosta also stated that there was one small modification to the language that was proposed to last month's meeting.

Chairman Jones asked if the signs with the changes would be issued to the casinos. Mr. Acosta said that staff plan to issue the revised signs to the casinos and resolve any additional matters at the June 2nd General Manager's meeting so the signs can be displayed as soon as possible.

Member Levine moved that **the Board direct the Administrator to contact each owner licensee and take appropriate steps to have the IGB sign, as discussed at this meeting, posted at each riverboat gaming facilities.**

Member Levine further **recommended that, at a minimum, the signs be posted in the following areas: at the entrance; at all exits; at each cage facility; and at the washroom facilities of each riverboat.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

Monthly Performance Report

Deputy Administrator Swoik summarized the monthly statistical reports for April AGR and patron counts. He reported that April's AGR was over \$141.1 million bringing the total AGR since dockside gambling began, in June, to over 1 billion 314 million dollars. The Admissions total for April was over 1.6 million – 39.5% percent above April 1999. Mr. Swoik stated that the state's share of taxes for the last 12 months was up by approximately \$96.4 million or 36.5 percent over the prior 12 months. The local share was up by \$14 million or 17 percent.

Owner Licensee Items

EMPRESS CASINO – David Fendrick, Senior Vice President and General Manager of Horseshoe/Empress Joliet, was present on behalf of Empress Casino for initial consideration of Empress' license renewal. Mr. Fendrick addressed progress of the Empress property over the last year. Mr. Fendrick stated that Empress' AGR dramatically increased over the last year and that he expected an increase of 21 percent from fiscal year 99 to fiscal year 2000. In the past twelve months, Empress has focused on employee training and development, improving compliance of internal controls, continuing a zero tolerance policy for underage patrons, customer service and marketing. Mr. Fendrick stated that in the past twelve months Empress has spent seven million dollars for new slot products, signage, a new cage and related equipment. Mr. Fendrick stated that Empress has strong ties with the community and is committed to work towards its betterment. Empress has budgeted \$240,000 in support of charitable and community organizations for the current calendar year. Mr. Fendrick stated that he is committed to continue to improve the company and constantly find new and better ways to increase revenues and improve their compliance and internal control efforts.

Charles Sklarsky, attorney with Jenner & Block law firm, was present on behalf of Empress and the Honorable Art Schultz, Mayor of Joliet. Mr. Sklarsky read a statement on the mayor's behalf.

Joe Canfora, President of Horseshoe/Empress, was present on behalf of Empress. Mr. Canfora stated that Empress has kept its word when it promised to make the Joliet operation one of the finest entertainment venues in the business, go beyond their community commitments and exceed its regulatory responsibilities. Mr. Canfora stated that since

December 1st, Horseshoe has relocated its corporate headquarters in Las Vegas and Memphis to Joliet Illinois so that the company would be an Illinois based company. Mr. Canfora stated that Empress has committed to establishing an “incubator” fund which is currently funded with two million dollars and another four million will be deposited into the fund within the next two years. Mr. Canfora stated that the incubator fund is established for scholarships for Joliet Junior College and a college in Mississippi which will help minority students with education in fields related to hospitality and gaming industries. Mr. Canfora stated that Horseshoe is committed to provide four million to fund the Beasley food transaction and continues negotiations with an outside counsel. Mr. Canfora stated that Empress is very much in the planning stages of development.

EMERALD – Joe McQuaid, Senior Vice President of Development and Compliance, and Walter Hanley, General Counsel for Emerald Casino, were present on behalf of Emerald Casino to request that the Board consider Emerald’s proposed licensure agreement with the Board in hopes to facilitate the approval of Emerald’s application for renewal, relocation and financing. Mr. McQuaid stated that the proposed licensure agreement addresses certain issues related to Emerald that has been expressed by the Board or staff. Mr. McQuaid welcomed the opportunity to address any additional concerns by the Board that were not included in the draft. Mr. McQuaid pledged that Emerald will cooperate fully with staff, comply with all rules and to address all concerns expressed by the Board. Mr. McQuaid stated that he is hopeful that the Board will have the opportunity to take final action on Emerald’s pending application at the next Board meeting.

CASINO ROCK ISLAND – Donna More was present on behalf of Rock Island seeking final approval for license renewal. Ms. More wanted to cover some of the topics discussed at a prior meeting with Gaming Board staff. Ms. More stated that prior dockside Rock Island was in a bad position and because of that it could not hire or retain good employees, but the company and Mr. Jumer have never wavered in their support to the community and employees. Ms. More stated that Rock Island is not where they want to be but they have come a long way in the past year. Ms. More stated that since dockside, Rock Island is performing well and is able to hire employees and retain personnel at all levels. Ms. More stated that it takes time to build back up a workforce and Rock Island is committed to doing that while in competition with two other riverboats that are looking for the same personnel. Ms. More stated that safety net procedures were implemented to prevent understaffing, also, Rock Island is revising its internal controls and has developed a compliance committee that will monitor staffing.

Member Ryder stated that the Board’s information states that Rock Island’s average salary is substantially lower than the other Illinois casinos, not including the Iowa casinos that are Rock Island’s major competition. Member Ryder asked if Ms. More had any information that would compare Rock Island’s salary to the other casinos.

Mr. Gary Buetner, Vice President and Chief Financial Officer for Rock Island, responded to member Ryder's question. Mr. Buetner stated that Rock Island has committed itself to perform a survey of the other two boats in their area. Mr. Buetner stated that Rock Island used the surveys to adjust their salaries. Mr. Buetner stated that there are many more executive type positions available at the other boats which raises that average up, also, with the revenues that Rock Island has, the tip positions make less per hour on tips than other boats, which makes that average less than other boats.

Member Ryder asked what information Mr. Buetner has to make a comparison with other boats.

Mr. Buetner stated that Rock Island's human resource director and the human resource director for two other boats share information.

Member Ryder stated that he would like to have any information that Mr. Buetner could share with staff that would show Rock Island's past and present status. Member Ryder asked the status on the General Manager's position.

Ron Wick, President and acting General Manager of Rock Island, stated that they have had a difficult time finding a General Manager for the capacity needed to regain the market shares. Mr. Wicks stated that Rock Island has increased its Board of Directors to include more owners, brought in more support for management and brought in a facility manager.

Mr. John Phillips, Rock Island's City Manager, was present on Rock Island's behalf to explain how the funds are spent by the city. Mr. Phillips stated that in June of 1996, the city counsel passed a policy that said the city can only spend money after they have received it, which means that the revenue received from the prior year is the revenue that is budgeted. Mr. Phillips stated that the uses of the funds are capital improvements and economic development. Mr. Phillips stated that some of the projects that are budgeted for this year are replacing an aging pool in the city, neighborhood storm sewer system and redesigning the downtown area.

Member Lamendella moved that **the Board renew the owner's license of Rock Island Boatworks, Inc. ("Casino Rock Island") for a restricted term of one year. In renewing this owner's license, the Board orders the following restrictions:**

- 1. Casino Rock Island shall develop a plan for the retention of its key employees, specifically those in gaming related positions, as addressed by the internal control system;**
- 2. Casino Rock Island shall ensure that it has sufficient and appropriate personnel to perform all of its necessary casino operations;**
- 3. Casino Rock Island shall continue to provide monthly reports to the Board's Deputy Administrator of Audit and Finance to ensure that it has sufficient**

- capital to meet its ongoing operating needs and adequate cash on hand to cover its daily operations;
4. **Casino Rock Island shall continue to maintain a \$1.5 million line of credit available for its operating needs;**
 5. **Casino Rock Island shall comply with all requirements of the Illinois Business Corporation Act, including establishing formal board meetings, maintaining formal minutes and recording in those minutes the decisions and activities undertaken by its board of directors.**

Member Lamendella furthered moved that **in approving the renewal of Casino Rock Island's owner's license, the Board approve the following persons as Key Persons of Casino Rock Island:**

D. James Jumer, Chairman of the Board of Casino Rock Island.

Ronald Wicks, President and Director of Casino Rock Island.

Gary A. Buettner, Director of Casino Rock Island.

James F. Jumer, Vice President, Assistant Secretary and Director of Casino Rock Island.

John A. Jumer, Secretary and Director of Casino Rock Island.

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

HARRAH'S CASINO JOLIET - Chris Riley, Director of Finance for Harrah's Casino Joliet, was present to request approval for Vincent Donlevie's Level One License.

Member Lamendella that **the Board approve Vincent Donlevie as a Level 1 Occupational Licensee of Des Plaines Development Limited Partnership.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Suppliers Licensees

PDS Gaming – Donna More, representing PDS, requesting the approval of Peter Cleary as Key Person.

Member Ryder moved that the Board approve Peter Cleary as a Key Person of PDS. Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

ANCHOR - There was no one present to represent Anchor Games. Chief Legal Counsel, Mareile Cusack, stated that in the past, staff did not require suppliers on renewal to be present. Members of the Board stated that they would like to discuss a policy stating that all supplier applicants requesting renewal are present.

Member Ryder moved that **the Board renew the Supplier's license issued to Anchor Coin, Inc., doing business as Anchor Games, for the restricted term of one year. In renewing this supplier's license, the Board orders the following restriction: Anchor**

Coin is to adopt measures in order to assure that all its quarterly reports are filed with the Board on a timely and accurate basis.

Member Ryder further moved that, in approving the renewal of Anchor Coin's supplier's license, the Board approve the following persons as Key Persons of Anchor Coin, Inc:

**Anchor Gaming, Business Entity which owns 100% of Anchor Coin.
Stanley E. Fulton, Chairman of the Board, Substantial Owner and Sole Director of Anchor Coin.
Thomas J. Matthews, President and CEO of Anchor Coin, and President, CEO and Director of Anchor Gaming.**

Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Member Levine moved that, **the Board approve 69 applications for an Occupational License Level 2, and 262 applications for an Occupational License Level 3, and deny 2 applications for an Occupational License Level 2, and 3 for an Occupational License Level 3. Further, I move that the Board direct the Administrator to contact 3 pending applicants for an occupational license to notify those applicants that staff has recommended that the Board deny their applications for an occupational license and provide those applicants an opportunity to respond.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

Member Lamendella moved that, **the Board adopt the consent agreement offered by Lucy Popek and amend disciplinary complaint number DC00-01 to reduce the recommended sanction of revocation to a period of suspension of five days.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

At 2:55 P.M., Member Lamendella moved that **the Board reconvened to closed session, pursuant to Section 2(c), paragraphs (1) (4) (11) of the Open Meetings act to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Matters Concerning Pending Litigation**
- 3. Personnel Matters**

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,

Monica Thomas
Secretary to the Board